



## Press Release

### OIO's 9M 2022 results affected by the crypto winter; Group takes steps to strengthen itself to capture eventual market upswing

- The poor macroeconomic conditions, coupled with the collapse of several major cryptocurrency firms in the recent months, have resulted in reduced investors' appetite for cryptocurrency
- However, the completion of the long anticipated Ethereum Merge in September 2022 is expected to bode well for the long-term development of blockchain and cryptocurrency industry
- The Group will continue to ramp up efforts to further develop its suite of products and manpower in anticipation of improving market conditions

<b>Financial Highlights (Unaudited)</b>	3Q 2022 (S\$)	3Q 2021 (S\$)	Change (%)	9M 2022 (S\$)	9M 2021 (S\$)	Change (%)
Revenue	352,057	2,017,482	(82.5)	3,271,350	3,658,595	(10.6)
Gross Profit/ (Loss)	256,784	1,825,416	(85.9)	2,624,708	3,060,617	(14.2)
Gross Profit Margin	72.9%	90.5%	(17.6) ppts*	80.2%	83.7%	(3.5) ppts*
Other Income	200,760	475,600	(57.8)	592,126	569,019	4.1
Other Operating Expenses	(42,243)	98,042	N.M	(3,377,994)	(129,269)	N.M
Net Loss	(1,073,806)	784,005	N.M	(4,525,481)	145,323	N.M

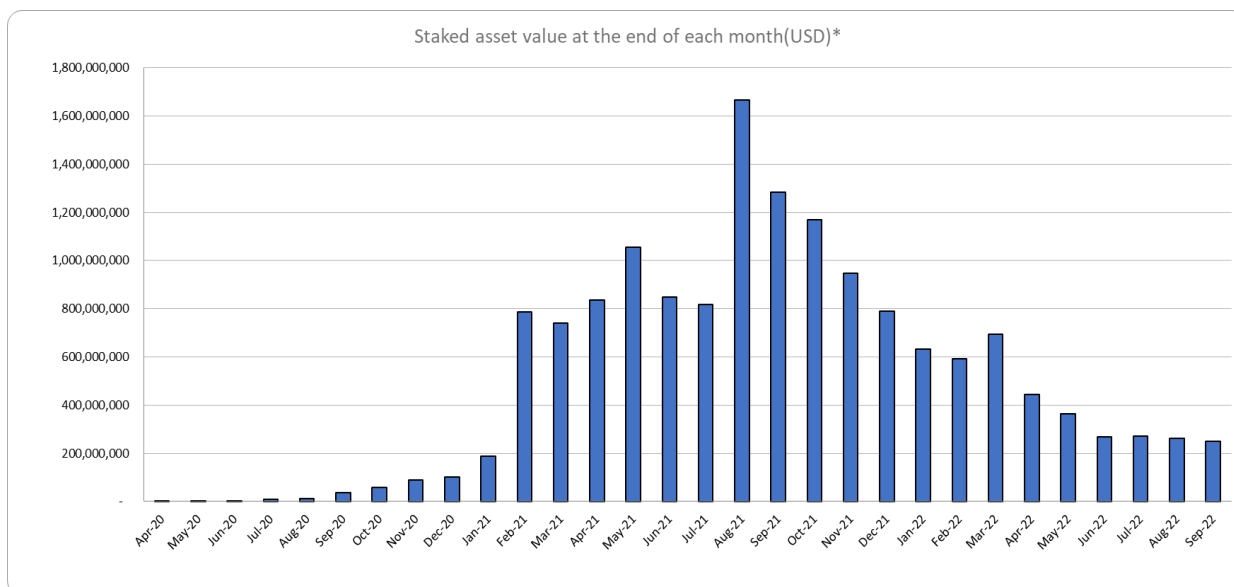
N.M denotes not meaningful

\*ppts denotes percentage points

**Singapore — 10 November 2022 — OIO Holdings Limited (“OIO”)**, a blockchain solutions provider listed on the SGX, announced today its financial results for the third quarter (“**3Q 2022**”) and 9 months ended 30 September 2022 (“**9M 2022**”).

OIO recorded a revenue of approximately S\$0.4 million in 3Q 2022, an 82.5% year-on-year (“yoy”) decrease from S\$2.0 million in 3Q 2021. For 9M 2022, revenue decreased by S\$0.4 million or 10.6% yoy to S\$3.3 million from S\$3.7 million in 9M 2021. The decrease was mainly attributable to lower market prices of crypto assets due to weakened cryptocurrency market in 2022 as compared to 2021, resulting in lower revenue from Moonstake’s lower digital wallets and staking services, as well as research and development services.

As of end September 2022, our staked asset pool value decreased 6.1% from end June 2022 to US\$250 million. This was largely due to the weak cryptocurrency market.



\* Value of crypto assets staked through the Moonstake staking pool at the end of each month

For 3Q 2022, gross profit was S\$0.3 million, a decrease of S\$1.5 million while gross profit margin decreased from 90.5% in 3Q 2021 to 72.9%. The overall gross profit was mainly attributed to the staking services of Moonstake, with the cost of sales mainly consisting of outsourced consulting services and commission expenses paid. For 9M 2022, the gross profit decreased by 14.2% yoy from S\$3.0 million in 9M 2021 to S\$2.6 million while gross profit margin decreased from 83.7% in 9M 2021 to 80.2%.

For 3Q 2022 and 9M 2022, OIO recorded a net loss of approximately S\$1.1 million and S\$4.5 million. The losses were largely due to impairment loss on crypto assets of approximately S\$2.6 million due to the weakened cryptocurrency market, as well as loss on disposal of crypto assets of approximately S\$0.7 million.

### **Looking Forward**

The collapse of various cryptocurrency firms, such as Three Arrows Capital and Celsius, has continued to weaken investor sentiments on the overall crypto market. The consecutive interest rate hikes implemented by the Federal Reserve to combat the inflationary pressures on the global macroeconomy has also resulted in huge sell offs by investors.<sup>1</sup> The market capitalisation of Bitcoin has also reduced to US\$354 billion, which is less than half from its peak in November 2021.<sup>2</sup>

Despite the poor sentiments, various developments in the recent months have helped to increase optimism among investors. The value of staked crypto assets on Moonstake has begun to stabilise in the past quarter following the decline in demand by investors, signalling the improving sentiments. While the Federal Reserve announced its third interest rate hike in September 2022, there is a general consensus amongst economists that the rate hikes will begin to slow down from 2023. The completion of the long anticipated Ethereum Merge is also

<sup>1</sup> CoinDesk: First Mover Asia: Crypto Sell-Off Due to Fed Hawkishness, Possible Jump Dump of ETH, Says QCP Capital; Cryptos Decline Slightly in Monday Trading (<https://www.coindesk.com/markets/2022/08/22/first-mover-asia-crypto-sell-off-due-to-fed-hawkishness-possible-jump-dump-of-eth-says-qcp-capital-cryptos-decline-slightly-in-monday-trading/>)

<sup>2</sup> Decrypt - Over \$433M in Liquidations as Bitcoin, Ethereum Plunge (<https://decrypt.co/110018/over-433m-in-liquidations-as-bitcoin-ethereum-plunge>)

expected to help improve market sentiments in the long run. The successful merge, which is the transition of the Ethereum system to the Proof-of-Stake system, has seen a price rally of Ether in October.<sup>3</sup>

Favourable trends in the cryptocurrency industry are expected to drive the next wave of user demand. The World Economic Forum mentioned that they believe Web3, that relies on blockchain to decentralise, has the disruptive potential to alleviate climate change. This Web3 market is expected to grow at a CAGR of 43.7% and reach USD 81.5 Billion by 2030<sup>4</sup>. OIO, with its adopted proof-of-stake framework, is strategically positioned to capture and support this growth as the algorithm also addresses the widespread concern towards the sustainability of blockchain. Regionally, Hong Kong announced its plans to legalise crypto trading and aims to become a global crypto hub, which will bode well for the cryptocurrency market in Asia.<sup>5</sup>

Commenting on the results, Mr. Yusaku Mishima, Executive Director supervising the entire blockchain business operation of OIO Holdings Limited, added, ***“While the crash of several major cryptocurrency firms and the economic headwinds have continued to hinder investor sentiments in the cryptocurrency market, we believe that recent events have helped to alleviate these sentiments. The Ethereum Merge, which reduces its energy consumption by 99.9%, has helped to create some enthusiasm over the future developments of the cryptocurrency market.*”**

***As we continue to experience volatility in today’s market, the Group will continue to build on our efforts in ramping up our capabilities and building up our overall ecosystem. This will help to put the Group in a favourable position upon the recovery of the overall cryptocurrency market.***

***Moving forward, we will continue to closely monitor the market for suitable partnership opportunities and investment projects to further improve our overall ecosystem to provide greater shareholder value.”***

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#### About OIO Holdings Limited

OIO Holdings Limited is a Singapore-based holding company whose core business units are blockchain technology services and mechanical and engineering (“M&E”) services. The group’s blockchain arm aims to expand blockchain technology and accelerate its integration by offering B2B consulting and software development services to various industries.

Following the acquisition of Moonstake Pte Ltd in May 2021, OIO Holdings extends its business beyond the corporate level by providing digital wallets and staking solutions.

On 12 August 2022, OIO Holdings Limited completed the disposal of shares in DLF Engineering Pte Ltd. On 27 October 2022, OIO Holdings Limited applied for creditors’ voluntary liquidation for its remaining M&E Engineering Services subsidiaries, being DLF Pte. Ltd. and DLF Prosper Venture Pte. Ltd. These are in alignment with the Group’s intention to exit from the M&E Engineering Services business segment entirely in order to focus its

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<sup>3</sup> Zycrypto - Mysterious Whales Moving Millions In ETH As Ether Hits Highest Price Point Since The Merge (<https://zycrypto.com/mysterious-whales-moving-millions-in-eth-as-ethereum-hits-highest-price-point-since-the-merge/>)

<sup>4</sup> Bloomberg – Global Web 3.0 Market Size to Reach USD 81.5 Billion in 2030 | Emergen Research (<https://www.bloomberg.com/press-releases/2022-06-01/global-web-3-0-market-size-to-reach-usd-81-5-billion-in-2030-emergen-research>)

<sup>5</sup> Bloomberg - Hong Kong Plans to Legalize Retail Crypto Trading to Become Hub (<https://www.bloomberg.com/news/articles/2022-10-27/hong-kong-plans-to-legalize-retail-crypto-trading-to-become-hub>)

resources wholly on its growing blockchain technology business moving forward.

For more information, please visit the website at: <https://ir.oio.sg>

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